

Survey raises concerns about pension cover

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One in four employees have not signed up to their employer's Defined Contribution (DC) scheme, new research by professional services firm Aon has found.

Nearly two thirds of DC schemes are not prepared for auto-enrolment which will see all private sector workers being automatically included in a pension scheme, the survey has also established.

"The survey findings give real cause for concern," Rachael Ingle, CEO, Aon Solutions Ireland

"There are a number of issues emerging which, if not addressed, could become very problematic in the years ahead."

"To counteract the evolving challenges developing, amongst other things we are calling on employers and trustees to work together to plan for auto-enrolment prior to the regulatory deadline."

The survey was conducted among employers and trustees of 120 DC schemes here with 117,000 employees and assets under management of €4.75bn.

The results show schemes here are struggling to keep up with the change in regulations here, Aon claims.

It also established that many businesses here are adopting a wait and see approach to pending legislative changes.

Increasing regulatory costs associated with issues like data protection and the new Pensions Directive were also flagged.

A trend towards matching contributions was also identified, with nearly half of all DC schemes now applying a structure where the employer puts in more if the employee also does.

88% of schemes surveyed were also found to still have a normal retirement age of 65, despite the state pension age being 66 and current Government plans to increase it to 68 by 2028.

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